



Office of the Chief Executive Officer
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Detroit, Michigan 48226
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November 30, 2016

The Honorable
Board of Directors
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

Regarding: CEO's Report - November, 2016

As we close out the month of November, I want to express my thanks to all of team GLWA. In assembling a “Year in Review” document that will be released following our one year anniversary, I have been reminded of the many accomplishments the organization has achieved to date and the ongoing efforts that continue to move us forward. To each of you, I appreciate your efforts. Those efforts work together for the same benefit; the benefit of our customers and healthy communities. We are truly, ‘One Water’.

The soft launch of Legistar, the agenda management tool announced last month was a success and we are moving forward! Beginning December 8th with the Operations and Resources Committee Agenda Package, all future Board and Board Committee meeting agenda packages complete with supporting materials will be available through a link on the GLWA website. Subsequent to this launch, staff will also be loading historical Board materials so that historical searchable information will be available as well.

The CIP/Budget/Charge development season is in active swing. Today staff is reviewing the draft CIP with the CIP Committee of the Board. Tomorrow continues the ongoing discussions with our Customer Communities on the CIP and the 2018 charge season kicks off with the first Charge Rollout meeting discussing Units of Service. With new systems in place, budget tool training is ongoing as we begin budget development for GLWA’s second biennial budget.

I think everyone is aware that GLWA obtained a judgment against Highland Park in Michigan state court based upon Highland Park’s refusal to pay for water and sewer services it received from GLWA. DWSD v Highland Park, WCCC 14-001974-CK; COA: 327448. Highland Park has appealed that judgment and on November 15, 2016, the Michigan Court of Appeals denied Highland Park’s appeal and upholding the judgment. With this ruling in place, GLWA will resume its efforts to collect the monies it is owed. The Court of Appeals said:

“If this Court were to accept Highland Park’s interpretation of the federal statute [Clean Water Act], the city of Detroit would be left with no avenue by which to enforce its judgment and Highland Park would be relieved of its obligations. This would be contrary to this Court’s pronouncement that ‘municipal corporations have the same obligation as any person or body corporate to satisfy judgments rendered against them.’”

On November 14, 2016, GLWA was served with a lengthy Complaint Highland Park filed in Federal Court. In its Complaint, Highland Park a lengthy Complaint alleges once again that it should not be required to pay for the water and sewer services it receives from GLWA. Our answer to this Complaint is due on December 5, 2016, and our first response will be a Motion to Dismiss the Complaint.

PLANNING SERVICES

Asset Management and CIP Group

The Asset Management and CIP Group, in conjunction with the Capital Management Group, have recently presented the Draft FY 2018-2022 Capital Improvement Plan, Version 1 to the customer outreach Asset Management and Capital Improvement Planning Work Group and the Capital Improvement Planning Committee of the Board. This document is a result of a tremendous amount of effort by the team, customers and the Board committee. Modifications and improvements to the plan will continue over the next several months as a result of continued work by the Financial Services Group as well as customer and Board feedback. A



presentation of the plan will be made at the Customer Charges Roll-Out meeting that will be held on December 1, 2016. Comments are requested by December 16, 2016 for integration into future versions of the plan. Many changes will be incorporated into this years' plan, but several are worth noting. The plan will consolidate both the water and wastewater CIPs into one document that contains more narrative related to the assets under the responsibilities of the various business units. Results of the project prioritization for new and not yet started projects will be summarized. Finally, the overall categorization of projects have been modified to better align with the financial cost centers used within the overall budgeting process.

The Asset Management and Capital Improvement Plan Work Group's next scheduled meeting is January 10, 2017, and the Capital Improvement Planning committee is January 12, 2017. This meeting will focus on presenting an updated version of the 2018-2022 Capital Improvement Plan. In addition, questions and comments received during the review period will be summarized and addressed.

PLANNING SERVICES (continued)

Systems Planning Group

The evaluation team for selection of the Comprehensive Wastewater Master Plan consultant, continues to perform its due diligence in finalizing its evaluations. Future meetings of the Wastewater Master Plan Steering Committee will be scheduled after the consultant has been formally selected and a contract has been approved.

Staff continues to work actively with three prospective new customer opportunities. A proposal for water service has been provided to Lyon Township. Both parties are actively engaged in discussions with their customers to receive feedback on the prospect.

The TAC and Steering Committee co-chairs met with GLWA Staff and Project Innovations, GLWA's third party facilitator, on October 24th to discuss the details of Project Innovation's transition out their current role at GLWA. The discussion was very useful and helped guide the role that Project Innovations will hold for the next 18 months.

System Analytics and Meter Operations Group

The Group continues to make progress on a wholesale water meter upgrade program. Metering technology has been upgraded at nine wholesale water meter locations, improving metering in Allen Park, Canton, Farmington Hills, Hamtramck, Troy, and Woodhaven.

System Analytics and Meter Operations installed, programmed and made operational a programmable logic controller (PLC) and radio at sewer meter location AP-S-3. This meter measures flow from the Springwells Water Treatment plant into the Allen Park sewer system. This location had a history of maintenance issues that have caused it to over-register flow and cause GLWA to be over-billed. With the new PLC we are receiving data every five minutes to allow us to closely monitor the flow out of the plant and quickly recognize maintenance issues.

In advance of the Units of Service contract, System Analytics and Meter Operations has taken steps to ensure the success of the project. The Group has been collecting, analyzing and storing insertion meter data for Highland Park to get approximation of water usage and has been working with Dearborn to understand their water metering system and billing process. GLWA has also been compiling monthly consumption data from the DWSD AMR system to baseline Detroit flows based on retail data.

PLANNING SERVICES (continued)

The Wholesale Automated Meter Reading (WAMR) Portal continues to have significant customer use. There have been over 90 distinct user logins in the last four months. Additionally, the team continues to evaluate ways the portal will provide more value to the wholesale customers. If users or others have suggestions or comments please contact the team at wamr@glwater.org.

Energy Management Group

Energy Management has made significant progress gathering information that will be used to populate the data warehouse. Water production, chemical usage and energy consumption data from 2013 to the present have been collected. This data will allow the Group to determine baseline consumption and create trends over a variety of time periods. Understanding of this baseline is critical to achieving energy sustainability.

Wastewater Operations and Compliance

The Wastewater Treatment Plant was in compliance with the National Pollutant Discharge Elimination System in the month of October 2016.

Wastewater Engineering

Fire Remediation

Remediation of areas in Incinerator Complex II damaged by the March fire continues. The first incinerators are expected to be in operation by February 2017. New conveyor components are on site and are being installed. The monorail installation is nearly complete.

The remaining work includes: installing and testing of replacement electrical wiring; replacing screened final effluent 16" valves and drain piping; cleaning, repair and testing of burner control panels; reinforcing roof steel; and installing replacement wall panels.

Biosolids Dryer Facility (BDF)

The contractor, New England Fertilizer Company, has completed all the design modifications and required demonstration testing for trains 1 and 2. Initial data shows that both trains meet the throughput capacity requirement. Train 3 design modifications are nearly complete and testing is underway. The contractor plans to complete performance testing of all four trains by January 2017. Pilot testing is ongoing for ferric chloride addition to the sludge to reduce sulfur dioxide air emissions. The sulfur dioxide emission issues are planned to be addressed by March 2017.

PLANNING SERVICES (continued)

Rouge River Outfall Disinfection Project

The 60% design submittal and Part 41 Permit application was submitted to MDEQ by the required November 1, 2016 date. Design and workshops are ongoing toward the next major milestone submittal of Guaranteed Maximum Price. The isolation and dewatering of one of the main wastewater treatment plant discharge conduits has proven to be more difficult than originally anticipated. You may recall that the cleaning and inspection of this conduit was moved from Phase 2 into Phase 1 of the project so as to ensure a better Guaranteed Maximum Price.

Research and Innovation

The WWTP received a verbal report regarding the results of a bench scale test of a Hydrothermal Liquefaction (HTL) process using a biosolids sample sent to the Pacific Northwest National Laboratory (PNNL) from the Wastewater Treatment Plant (WWTP). The results indicated that the sample processed very well with a good layer of biocrude. PNNL expressed gratitude for the assistance from our organization in supplying a properly packaged quality sample and expressed ongoing interest, indicating that the U.S. Department of Energy was pleased that the WWTP was working with PNNL on this project.

The relationship with PNNL on this process is being strengthened by reaching out jointly to request the University of Michigan perform computer modeling runs, using the Sumo model already developed for the WWTP and the estimated recycle stream from the HTL process, to explore impacts on the WWTP process. GWLA will also be reaching out to the local petroleum refinery to explore the blending and processing of biocrude through the fuel making process trains.

WATER OPERATIONS

In our efforts to increase awareness of what goes into providing high quality water to the region Water Works Park (WWP) Water Treatment Plant has been providing tours throughout the summer and fall seasons. The following groups have participated:

- Congressional leadership and their staff
- Engineering Interns
- Financial, Planning and Analysis Division
- General Public
- Green Door Initiatives Group
- Huron to Erie Alliance for Research and Training (HEART) and Healthy Urban Waters (HUW) Partners
- Interns from MDEQ

WATER OPERATIONS (continued)

- Inventory Valuation Members from Duff and Phelps Investors
- Lyon Township
- Michigan Water Environment Association (MWEA) Instructors
- Microbiology from Nepal
- New GLWA Employees
- Procurement Team
- Regulatory Studies Program of Lansing, Michigan
- Researchers from Wayne State University
- Schools
- Organizational Development Staff
- Universities

Those who have toured the plant have expressed their appreciation as they received an overview of the water treatment process. It has been a great opportunity for customers, students, investors, politicians, and the general public to discover how GLWA's water treatment process operates.

WWP Water Treatment Plant Hypo Chlorinated the 10 ft. and 16 ft. water intake tunnels for WWP, Northeast, and Springwells water plants. The process started on Monday, October 31, and continued until Saturday, November 12. This process controls the zebra mussels at the intake. The zebra mussel (*Dreissena polymorpha*) is a small freshwater mussel which grows very fast. The female zebra mussels can produce as many as one million eggs per year. They get their name from a striped pattern commonly seen on their shells. They are usually about the size of a fingernail. Zebra mussels can damage water intakes by clogging them (decreasing the raw water flow to the treatment facilities), whereas, the hypo chlorination method is applied to control them. WWP applies this chemical control strategy annually; when the temperature is optimal for mussel spawning season. This process is performed for 10-14 days continuously.

Field Services

On October 25, GLWA staff Grant Gartrell, Chris Nastally, Troy Davenport, Greg Marker, and Suresh Patel attended a tour of the American Spiral Weld Steel Pipe Factory. Staff had the opportunity to see the entire manufacturing line from beginning where roll steel, welding wire, epoxy, cement, and sand came in one side of a building, to end where a cement lined, polyurethane coated water main pipe came out on the other end.

WATER OPERATIONS (continued)

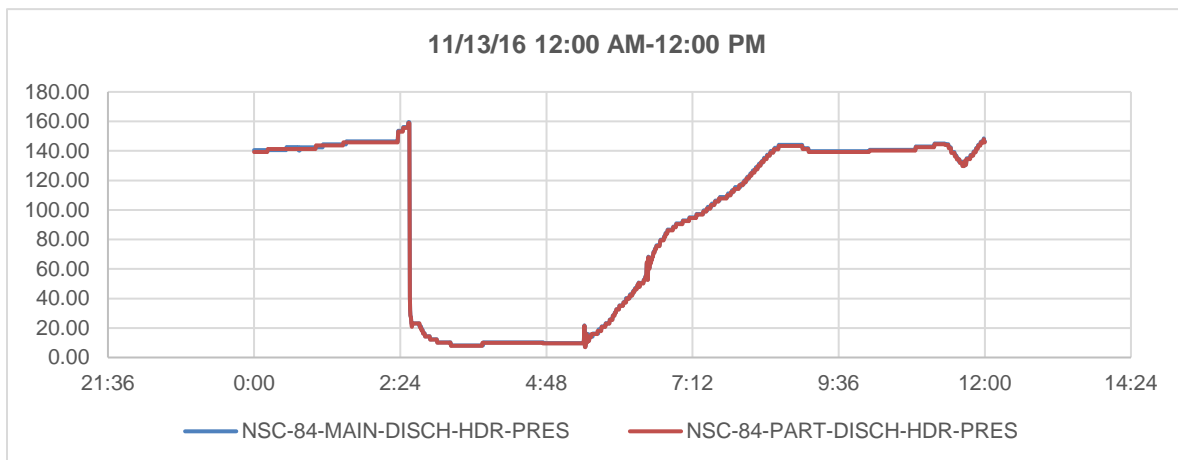
The process was analyzed in the classroom, witnessed and questioned by the team on the manufacturing floor, and inspected in the field on an installation. The GLWA team worked through the items that are going to become necessary in future projects as steel pipe is an option in the specifications and will be a competitive bid material for our projects in the future. Things to consider for the future use of this product include details in specifications, requirement for cathodic protection, installation procedures/requirements, inspection points, repair procedures, and conditional assessments.



*From left to right in the photo:
Suresh Patel, Grant Gartrell, Chris Nastally, Greg Marker, Troy Davenport*

Systems Control

On November 13 at 2:30 a.m., Systems Control Center (SCC) lost discharge pressures on a 54-inch and 84-inch main. Since the 54-inch and 84-inch mains run parallel, it was not readily known where the break was. A System Technician was dispatched to the break location and Field and SCC personnel were notified. By 3:45 a.m. staff was present at the break location and at the pump station. First, the 84-inch valves were shut at the pump station. This brought the pressures up on the 54-inch main which feeds most of all the meters from North Service Center. The trend below shows the discharge pressures at North Service Center:



North Service Center – Discharge Pressure

WATER OPERATIONS (continued)

As a result of the pressure loss, customer communities were notified and determinations were made for notice to their customers.

GLWA notified the contractor regarding the break at 5:00 a.m. The contractor mobilized its crew in the morning and started dewatering the break location. On November 16, an assessment of the condition of the main around the break location was conducted and 2800 feet of main was inspected but the contractor did not find anything alarming around the break area. The repairs on the main began on November 17 and were completed on November 18. The flushing of the line started on November 19 and continued until Water Quality cleared the main on November 24. The main was put back in service on November 28. In total, 60 feet of 84-inch main was replaced around the break location.



INFORMATION TECHNOLOGY

The Water Board Building (WBB) has new improved wireless capabilities. Cabling and a minimum of three Wireless Access Points (WAPs) were installed on every floor of the WBB including the basement. Users can connect their wireless device (laptop or Surface Pro) to the following wireless networks:

- GLWAnet (network access)
- GLWAPublic (internet access)
- DWSDnet (network access)
- DWSDPublic (internet access)

INFORMATION TECHNOLOGY (continued)

Group policies were created to automatically connect employee wireless devices to the appropriate SSID (GLWAnet or DWSDnet). The rest of the major facilities will be configured in the same manner which will simplify access for users who travel to multiple sites.

The GLWA Information Technology team has decommissioned 50% of the GLWA IT systems running obsolete operating systems, from June 1, 2016 to November 15, 2016.

This greatly reduces the security exposure of the GLWA network, and we continue to work towards decommissioning the remaining systems running obsolete operating systems by June 1, 2017.

The GLWA IT Security and Risk Management team participated in two days of critical infrastructure security, awareness, and protection training, provided by the Department of Homeland Security (DHS), at Waterworks Park on November 15th and 16th.

Single sign-on was enabled in the Dell Kace IT service portal during the month of November. This feature allows for one click access while accessing the application. Authentication to the system is now based on employee's computer login credentials. Employees are no longer required to key in user name and password information while accessing this system.

Ceridian signoff has been achieved for Phase 1 and Phase 2 Project Implementation, which includes Human resources, benefits, payroll, time and attendance, self-service, recruiting, document management, dashboards, and performance management. Benefits open enrollment is underway, with no system issues. Remaining issues continue to be addressed and corrected on an ongoing basis. Additionally, the project for the Cornerstone learning management system has been kicked off and is underway.

The GIS team has conducted a successful failover test for GIS, which confirms GLWA's ability to keep GIS running under two scenarios. In the first scenario, Host One goes down and Host Two successfully takes over. In the second scenario, both Host One and Host Two go down, and the service is taken over by our cloud backup system.

Deployed workflow changes to Service-link for DWSD's Maintenance and Repair (M&R) organization for Investigative work. New requests for M&R that come into WAM are assigned to the Investigative Work Category, and Investigators use a tablet in the field to follow the workflow to collect the appropriate information. Follow-up tasks are created automatically, and dispatchers are made aware of these follow-ups via an automated email. (Service-Link workflow change directly benefits DWSD, but indirectly benefits GLWA too because the code-base is common and can be leveraged for all Service-Link and WAM users.)

INFORMATION TECHNOLOGY (continued)

IT removed 88,000 duplicate work orders from WAM. These duplicates were caused by a configuration error in the Preventative Maintenance Master, which caused duplicate work orders to generate. There is still some manual work to be done to clean up 176 remaining work orders, and the HPE team is working with the groups to clean these up. (The Preventative Maintenance issue with duplicate Work Orders directly benefits GLWA, but since we have fixed the underlying issue it will also benefit DWSD whenever they configure their own PMs.)

The first phase of the Skype for Business pilot to implement instant messaging with pilot participants was successfully completed. Information Technology will proceed with the continued rollout of Skype for Business to additional areas and groups within GLWA in a phased approach.

Additional information can be found at <http://sp.dwsd.org/Skype/SitePages/Home.aspx>.

PUBLIC AFFAIRS GROUP

As mentioned in last month's CEO's report, the Public Affairs Group is engaged in an internal communications research project to establish a baseline measure of employees' current understanding and perceptions of GLWA's communications strategy and messaging and to identify communications channels that employees currently use, prefer and perceive as most credible so that we can ensure that we are communicating as effectively as possible. The study is proceeding as planned with the first two phases already complete. Phase one consisted of individual 30-minute interviews with the members of GLWA's Executive Leadership Team. Phase two, nearly 50 GLWA employees participated in a series of focus groups that were held at Water Works Park and the Wastewater Treatment Plant. The information gathered in the first two phases will inform the development of a survey that will be conducted in phase three of the study. The research is expected to be completed in early January 2017.

The Public Affairs Group is also pleased to welcome Mr. Curtis Burris-White to its team as GLWA's first Video Storyteller. This new position will be responsible for expressing GLWA's vision and mission through video content, and will also play a key role in the Authority's internal communications strategy. Curtis has more than five years of experience in video production and motion graphics. He previously worked at WDIV-TV 4 and the local video production agency, Velocitycow.

SECURITY AND INTEGRITY

During the month of November, the Security and Integrity Group has participated in several extensive training efforts, such as Cultural Diversity, FEMA – Advanced Critical Infrastructure Protection and Enhanced Public Dispatching. In addition, Security and Integrity completed a Water Board Building fire drill evacuation exercise with the Detroit Fire Department.

FINANCIAL SERVICES GROUP

Procurement

One of the benefits of the new financial system is improved access to reliable data to better understand the volume and nature of Procurement activity.

While we are still evaluating the best reporting design for building meaningful performance management as well as Version 1.0 for website launch in third quarter FY 2017, this month's CEO report provides a start in that direction. In the month of October 2016, the team Procurement issued 305 new Purchase Orders in the amount of \$33,954,353.41 for all of the Procurement team, including both Supply Chain Operations and Construction and Contract Services. This is an increase from the prior month of 273 new purchase orders for September 2016 in the amount of \$29,140,414.22.

Included in the above for October 2016 is nine contracts/change orders executed by Construction and Contract Services in the amount of \$11,116,157.32. In September 2016, eleven contracts/change orders were executed in the amount of \$20,339,196. As of November 28, 2016, there are sixty contracts/change orders in process with an estimated value of \$101,230,979.34. The majority of these procurements are related to capital program delivery and/or span one to three years.

In the prior month, two State Revolving Loan Fund (SRF) low interest loans were awarded for GLWA totaling \$102,620,000 and two low interest Drinking Water Revolving Funds (DWRP) loans were processed for DWSD totaling \$15,785,000.

Logistics and Materials (L&M) is partnering with Michigan State University (MSU), University of Michigan (U of M), Wayne State University (WSU), and Walsh College to recruit talent. Through these resources L&M hopes to tap into the pool of new talent in the Detroit and Metro Detroit area. MSU and U of M have a site called "Handshake" where alumni and current students can see our job descriptions and reach out to us. We are currently utilizing that website to recruit for inventory procurement specialists and materials management specialists. In our partnership with WSU and Walsh College we are posting on their sites and working with their staff to recruit from their candidate resource pool. Terence Anderson, L&M Manager, is leading a new initiative to draw upon these schools to recruit interns to allow students to provide meaningful career development opportunities.

FINANCIAL SERVICES GROUP (continued)

One of those meaningful learning opportunities is how to implement “just in time” delivery also known as JIT. Last month, for example, three companies were added to GLWA’s lineup of JIT providers: Idexx (water operation supplies), HACH (lab testing equipment) and VWR (lab equipment). The projected reduction of materials that will need to be carried in inventory is \$1 million.

During the standup of the regional authority, L&M was one of the GLWA units that relocated from the Central Services Facilities to the Wastewater Treatment Plant. Within a very short period of time, the L&M team renovated, organized, and modernized operations and inventory management at that location. To further build the internal recognition of L&M team members available to assist staff, new shirts were ordered with team member name and use of the GLWA logo with L&M identification as demonstrated by Mr. Anderson in this photo.



Transformation

The Transformation Team has purchased a license to modify and use the same Lean training materials used by our external training vendor. For less than the cost of sending six GLWA employees to external Lean training, the license will allow our experienced Lean Black Belts to customize the training with our own project examples and deliver the materials in sync with live GLWA improvement projects. All materials are branded with the GLWA logo and are ours to modify and apply to as many training sessions as we need.

Transformation will also offer variations of the training supporting an overview, training for executive and project champions, and formal Black Belt training for those looking to take their certification to the next level.

The Transformation Team has developed and is piloting a business process change management tool. This tool will ensure timely, accurate and complete business process changes are approved by all impacted stakeholders prior to implementation. The GLWA-wide launch of this resource is projected to be available for implementation in the 3rd quarter of FY 2017).

FINANCIAL SERVICES GROUP (continued)

Capital Management

The Capital Management team is making significant progress in the asset valuation required for GLWA's opening balance sheet. The asset inventory began Monday, October 24, 2016. The Capital team partnered with GLWA Fleet operations to use this as an opportunity to update all documents in vehicles as part of a mandatory vehicle inventory and inspection. Also, within the next few weeks, we will complete the launch of the BS&A Capital Asset module. In addition, the Capital Management Group is assisting with the restructured FY 2018-22 capital plan to improve the financial planning and budgeting of capital projects and assets.

Financial Planning & Analysis (FP&A)

During the past month, the FP&A team developed and deployed the budget roll-out training and implementation roadshow. Over 50 employees with budget management responsibility participated. The session provided hands-on practice with the BS&A budget program features to assist all operating departments in preparing budget amendment requests, the biennial budget, and the five year financial plan. In addition, the departmental budget managers now have direct access to live transaction data to manage their budgets and identify errors. This provides GLWA with a significant internal control improvement. The next step is reviewing additional budget cycle materials during individual cost center teams meetings.

FSG Speakers Bureau

Last month Mike Grezlik, GLWA Transformation Director, gave a presentation on "Lean and the Art of Utility Management" at the American Water Works Association of Michigan (MI-AWWA) Regional Meeting. The presentation gave an overview of Lean methods, how they are delivering efficiencies at GLWA, and more importantly how GLWA is using Lean to optimize deployment of the Effective Utility Management model (EUM). AWWA is a founding contributor to development of the EUM model.

Also last month GLWA's Chief Financial Officer, Nicolette Bateson, was a closing keynote panelist at the World WaterTech North America Summit in Toronto discussing "What Makes Today's Water Utility CFOs Tick?". The Summit's focus is to accelerate innovation in "energy optimized and climate resilient infrastructure". This event brings together municipalities, private utilities, corporate investors, engineering firms and emerging technology companies to hear best practice case studies.

ORGANIZATIONAL DEVELOPMENT

Since January 1, 2016, the organization has hired 137 employees. The total number of FTE's to date is 822. There are 39 open recruitments across the organization which are posted on the GLWA website.

New Employee Orientation is currently being held each month at Water Works Park. To date, 185 employees have participated in the orientation.

Benefits Administration

Open Enrollment concluded on Monday, November 28, 2016. New offerings this year include: voluntary employee, spouse and child life plans as well as a new Internet-based employee discount plan through Perks at Work.

- As of November 28th, 285 employees participated in Open Enrollment
- 10 completed their new hire enrollment and then participated in Open Enrollment
- Enrollment is passive, (if the employee does not wish to make any changes to their medical, dental or vision coverage, they need not take any action).
- The health care and dependent day care FSAs require active enrollments
- The optional life plans require active enrollment

KUDOS and STAFF ACCOLADES

Each year, the Michigan Public Purchasing Officers Association (MPPOA) recognizes members who have done exceptional work in public procurement. Among this year's winners is Manager of the Year - Tina Clinkscales with the Procurement Supply Chain Operations team. As noted on the MPPOA website:

“Tina has been a procurement professional since 1989, earning her CPPB [Certified Professional Public Buyer designation] in 2001 and her Lean Six Sigma Green Belt Certification in 2015. She immediately put her Lean Six Sigma training to use developing a Procurement User Handbook for Supply Chain Operations at the Great Lakes Water Authority in Detroit. The handbook contains clear process paths that are easy to follow, instruct and implement. Her team, using the Lean Six Sigma DMAIC (define, measure, analyze, improve and control) approach evaluated current processes to streamline and eliminate waste. The project resulted in a reduction in cost per request and rapid onboarding of new personnel. Tina is a graduate of Wayne State University and a Purchasing Manager with the Great Lakes Water Authority.”



KUDOS and STAFF ACCOLADES (continued)

Kudos to Water Technician Allen Wilson and Team Leader Andrew Ross, both of the Springwells Water Treatment Plant, on their recognition at the American Water Works Association's Michigan Section (AWWA MI) in receiving the Edward Dunbar Rich Award. This award recognizes water utility personnel for completing 25 or more years of meritorious and faithful service in providing and maintaining a safe, dependable and adequate public water supply in recognition of years of service to the water sector in Michigan.



*Photo published in AWWA MI Section Fall 2016 Magazine.
Andrew Ross fourth from right. Allen Wilson third from right.*

Twelve (12) GLWA employees successfully completed the Microbiology Methods for Drinking Water Operators class offered October 25 at Water Works Park. The course is a fast paced review of basic bacteriology, EPA approved methods utilized in a laboratory for the culturing and analysis of total coliforms, E-coli and HPC bacteria in drinking water. The class also covers quality assurance and quality control for the laboratory certification process and provides information on the current total coliform rule. The course is offered twice per year and provides information that is pertinent to the S and F state continuing education credit (CEC) certified licensing exams held every year in November and May.

Mary Lynn Semegen (Water Quality Manager) and Patrick Williford (Chemist for Water Quality Investigators) participated in the AWWA webinar for Distribution System Management Lead Service Line Replacement held October 26, 2016, and hosted by DWSD.

KUDOS and STAFF ACCOLADES (continued)

Mary Lynn and Patrick have been jointly working with DWSD's Minimizing Lead in Drinking Water team (headed by Elin Betanzo) to assist Detroit in developing a plan that includes:

- Assisting in the development of sampling protocols
- Lead service line identification
- Sample analysis

The team at the Lake Huron Plant adopted a family for Thanksgiving via Keewahdin School, one of the nearby elementary schools. Mrs. Walters, a teacher at Keewahdin, was instrumental with selecting a needful family with seven children for the team's charitable mission as gathering food donations for the family had been a challenge. Thus, the Lake Huron team was delighted to assist.

The team supplied a turkey, ham, and all the fixings for the family's Thanksgiving meal. In addition to the Thanksgiving meal, the team donated additional food items to aid the family during the holiday school break. Overall, the team was proud of their collaborative efforts and humility to help a family in need.

LEGAL

General Counsel's November Report is attached to the Chief Executive Officer's Report.

Respectfully submitted,



Sue F. McCormick
Chief Executive Officer

SFM/dlr



General Counsel – November, 2016

General Counsel worked on the following matters:

1) Contract matters

Contracts reviewed as to form: General Counsel reviewed 16 contracts as to form and execution. (Does not include review of 35 IWC delegation agreements. See item 10, below.)

Contracts drafted or revised: General Counsel drafted or revised 9 contracts.

We are in the midst of our water contract reopener season. This year we have 3 regularly scheduled reopeners (Almont, NOCWA, and Romeo). We have 2 confirmed requests to reopen out of sequence from Northville Twp. and Washington Twp. (Note: Commerce Twp. was determined to be ineligible for a reopener as their storage facility did not operate at all during the 2016 peak season.) Additionally, we are trying to secure the execution of 2 new contracts with Imlay Twp. and Grosse Ile Twp. Additionally, we had 2 water contract exceedances for 2016 (Bruce Twp. and Harrison Twp.) related to peak hour usage and we are in the process of negotiating a remedy with these customers.

At least one meeting has been held with each of the customers listed; some require additional meetings. As of this writing, Washington Twp. has finalized a contract amendment. The deadline for a customer to finalize an amendment to its contract is January 13, 2017.

2) Subpoenas / Information Requests:

General Counsel received 4 subpoenas/information requests and responded to 9 subpoenas/information requests.

3) New Cases

None

4) Cases Closed

UWA v DWSD, MERC. The Utility Workers of America filed a grievance challenging the layoffs of 11 employees as part of DWSD's reorganization. The Union also filed an Unfair Labor Practice (ULP) challenging DWSD's job reorganization. This matter was stayed until the union's ULP challenge to DWSD's reorganization could be resolved.



DWSD's reorganization was upheld by MERC and on November 10, 2016, the union agreed to withdraw its charge relating to the layoffs.

DWSD v Highland Park: The Court of Appeals ruled in favor of GLWA and denied Highland Park's Appeal.

- 5) AFSCME v DWSD and GLWA, MERC, AFSCME agreed to dismiss its challenge to DWSD's implementation of its work rules.
- 6) Flint: On November 1, 2016, CEO McCormick sent a letter to Mayor Karen Weaver of Flint offering to meet to discuss the potential options for continuing service with GLWA beyond July 2017.
- 7) Gordie Howe International Bridge: General Counsel continues to support this ongoing project to manage, among other things, the purchase/condemnation by the State of the Livernois IWC building and various water and sewer infrastructure relocations/impacts. On October 24, 2016, GLWA and the City of Detroit received a Good Faith Written Offer from MDOT in the amount of \$1,130,000 to acquire the Livernois building. The letter states that the offer is valid until November 28, 2016 after which time MDOT may pursue eminent domain proceedings to take the property. On November 28, 2016 GLWA advised MDOT that it was rejecting that offer.
- 8) Lapeer County Property Acquisition: Properties for locating the booster chlorination stations for continuing service to Lapeer County customers Imlay City, Mayfield Twp. and Lapeer have been identified. The Board approved the purchase of the Mayfield Twp. property at its October meeting, and we are currently working through the terms of a purchase agreement and easement with the property owner, KAMAX L.P. GLWA initiated eminent domain proceedings for the second property located in Goodland Twp. when the owner rejected GLWA's good faith offer of \$4000. The owner initially proposed a settlement amount of \$10,000 and has since come down to \$8000. GLWA attorneys believe this represents a reasonable settlement amount and the same will be presented to the Board for approval at its November meeting.
- 9) Farmington Sewer Pipe: In 2014 during the course of negotiations on the terms of a new model sewer contract, then-DWSD and the City of Farmington agreed that DWSD would assume ownership of approximately 965 feet of pipe from the Farmington meter pit to the point of connection to the DWSD sewer system.



A condition of the agreement required Farmington to re-line the subject pipe and provide video evidence of its completion. After a joint effort, re-lining was recently completed and the parties are preparing the necessary documents to transfer ownership of the pipe from Farmington to GLWA.

- 10) Air Quality Violation: As a result of its fire, GLWA was forced to continue use of its Complex 1 (non-MACT) incinerators. Although GLWA has taken steps to minimize the use of these incinerators, it received an air quality notice of violation. In addition, GLWA was cited for sulfur dioxide (SO₂) emissions at the Biosolids Drying Facility (BDF) during testing period for the BDF.

Initially a penalty of \$372,960 and entry of a 5 year Administrative Consent Order were assessed for these violations. GLWA challenged this assessment noting its good faith efforts to mitigate the impact of its fire. After further discussions, the fine was reduced by almost 60% to \$155,400, the ACO term was reduced to 3 years, and 3 additional stack tests will be performed at the BDF. Final comments are due by December 2, 2016. Under the terms of its contract with the GLWA, NEFCO is responsible for the portion of the fine resulting from its SO₂ emissions.

- 11) IPP Program Transfer: The public comment period on the draft Program Rules closed on Wednesday November 23, 2016. The comments and staff's recommended revisions to the draft Rules based upon those comments will be presented to the Board as a part of the public hearing scheduled during the Board's November 30, 2016, meeting. General Counsel has reviewed 35 delegation agreements pertaining to the Industrial Waste Control program.
- 12) NPDES Permit Renewal: General Counsel continues to support this initiative and is preparing the materials for the online renewal application.
- 13) ATT: General Counsel is assisting GLWA and DWSD IT in addressing this issue. A meeting is to be scheduled to ensure the parties' agreement on terms of resolution is not illusory.